

October 15, 2001

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General through the lapse period of Fiscal Year 2001, which ended August 31, 2001, and the first quarter of Fiscal Year 2002 which ended September 30, 2001.

FISCAL MATTERS

<i>FY 2001 – FINAL</i>			
	<i>Appropriation</i>	<i>Expended</i>	<i>Balance</i>
Personal Services	\$ 3,622,617	\$ 3,510,758	\$ 111,859
Employee Retirement (Employer)	144,905	130,637	14,268
State Retirement	360,233	349,188	11,045
Social Security	263,130	260,044	3,086
Contractual Services	552,645	526,896	25,749
Travel	94,800	78,594	16,206
Commodities	14,760	11,166	3,594
Printing	14,000	13,381	619
Equipment	62,440	62,439	1
Electronic Data Processing	154,000	153,667	333
Telecommunications	68,000	65,848	2,152
Operation of Automotive Equipment	2,000	1,631	369
Audits/Studies/Investigations*	<u>11,987,250</u>	<u>9,999,481</u>	<u>1,987,769</u>
TOTAL	<u>\$17,340,780</u>	<u>\$15,163,730</u>	<u>\$2,177,050</u>
*Audit Expense Fund			

FISCAL MATTERS

<i>FY 2002 – FIRST QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,778,000	\$ 917,897	\$ 0	\$2,860,103
Employee Retire. (Employer)	151,400	34,328	0	117,072
State Retirement	380,500	92,187	0	288,313
Social Security	290,000	68,168	0	221,832
Contractual Services	561,000	140,409	290,244	130,347
Travel	100,000	24,514	0	75,486
Commodities	25,000	2,129	287	22,584
Printing	20,000	1,106	8,667	10,227
Equipment	35,000	3,109	0	31,891
EDP	120,000	15,288	18,370	86,342
Telecommunications	75,000	11,888	0	63,112
Oper. of Auto. Equip.	5,000	351	0	4,649
Audits/Studies/Invest.*	<u>12,798,617</u>	<u>219,815</u>	<u>7,515,734</u>	<u>5,063,068</u>
TOTAL	<u>\$18,339,517</u>	<u>\$1,531,189</u>	<u>\$7,833,302</u>	<u>\$8,975,026</u>
*Audit Expense Fund				

PERSONNEL

	<i>PERSONNEL</i>				
	<u>07-01-01</u>	<u>Appointments</u>	<u>Separations</u>	<u>Transfers</u>	<u>09-30-01</u>
Springfield	68	3	2	0	69
Chicago	<u>09</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>09</u>
TOTAL	<u>77</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>78</u>

CONTRACTS

During the first quarter of Fiscal Year 2002 the Office of the Auditor General entered into one hundred twenty-five financial/compliance audit contracts, nineteen administrative contracts and sixteen information systems contracts.

TRAINING

Training for the first quarter of Fiscal Year 2002 included accounting and auditing updates, Compliance Audit Guide Revisions and Interim GAAP Package Forms, the New Employee Training Program, 2001 GAAP Preparation Course and the FY 2001 GAAP Reporting Review and Update. Additional external training that staff participated in includes the Computer Crime and Fraud Seminar, COSO Internal Control Training, Essentials of Managing the Front Desk, Excel 97 – Advanced, ILCPA Society’s Governmental Accounting and Auditing Update, Information Security and the Auditor’s Role – General Controls Auditing, National Conference of State Legislatures Annual Conference, National Legislative Program Evaluation Society’s Fall Training Conference, National State Auditors Association’s IT and Middle Management Conference, Network Security Conference, 12th Annual Fraud Conference, and 2001 AICPA National Governmental Accounting and Auditing Update Conference.

During this quarter, the Office of the Auditor General provided a Governmental Accounting and Auditing Update course to members of other State agencies, OAG employees and CPA firms responsible for OAG audit engagements. Approximately 225 people attended this course that has been offered annually for the last seven years.

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Compliance and Management Audit of Chicago's Airports (PA 89-386)	Unknown
<ul style="list-style-type: none">• Management Audit of IEPA's Vehicle Emission Testing Program (LAC No. 119)	Fall 2001
<ul style="list-style-type: none">• Audit of Technology Tracking Users of Web Sites (H.R. 263)	Winter 2001
<ul style="list-style-type: none">• Study of Bidding Specifications on State Construction Contracts (S.R. 147)	Spring 2002
<ul style="list-style-type: none">• Management Audit of Group Workers Compensation Self-Insured Pools (LAC No. 121)	Summer 2002
<ul style="list-style-type: none">• Management Audit of the Early Intervention Program (LAC No. 122)	Summer 2002
<ul style="list-style-type: none">• Financial and Management Audit of the Teachers Academy for Mathematics and Science (H.R. 304)	Summer 2002
<ul style="list-style-type: none">• Program and Management Audit of Kid Care (S.R. 152)	Summer 2002

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period ending June 30, 2000. As the year progresses the “date released” column will be completed.

FINANCIAL & COMPLIANCE AUDITS FOR THE PERIOD ENDING JUNE 30, 2000

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Attorney General	x	x	06-28-01
Capital Development Board	x	x	02-28-01
Chicago State University	x	x	05-24-01
Chicago State University Foundation	x		05-24-01
Comptroller – Fiscal Officer	x	x	05-08-01
Comptroller – Non-Fiscal Officer	x	x	05-08-01
Department on Aging	x	x	03-27-01
Department of Agriculture (DuQuoin Fair)		x	03-14-01
Department of Agriculture (IL State Fair)		x	03-14-01
Department of Central Management Services	x	x	03-07-01
Department of Central Management Services (Deferred Compensation Plan)	x		06-28-01
Department of Children and Family Services	x	x	04-05-01
Department of Commerce and Community Affairs	x	x	03-07-01
Department of Corrections – General Office	x	x	04-10-01
Dept.of Corrections, Correctional Center - <i>Big Muddy River</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Centralia</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Danville</i>		x	04-10-01
Dept. of Corrections, Correctional Center - <i>Decatur Womens</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Dixon</i>		x	04-10-01
Dept. of Corrections, Correctional Center - <i>Dwight</i>		x	04-10-01
Dept. of Corrections, Correctional Center - <i>East Moline</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Graham</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Hill</i>		x	04-10-01

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, Correctional Center - <i>IL River Canton</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Jacksonville</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Joliet</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Lincoln</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Logan</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Menard</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Pinckneyville</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Pontiac</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Robinson</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Shawnee</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Sheridan</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Southwestern IL</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Stateville</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Tamms</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Taylorville</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Vandalia</i>		x	04-10-01
Dept. of Corrections, Correctional Center – <i>Vienna</i>		x	04-10-01
Dept. of Corrections, Correctional Center <i>Western Illinois</i>		x	04-10-01
Department of Corrections, Correctional Industries	x	x	04-10-01
Dept. of Corrections, IL Youth Center – <i>Chicago</i>		x	04-10-01
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>		x	04-10-01
Dept. of Corrections, IL Youth Center – <i>Joliet</i>		x	04-10-01
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>		x	04-10-01
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>		x	04-10-01
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>		x	04-10-01
Dept. of Corrections, IL Youth Center – <i>Valley View</i>		x	04-10-01
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>		x	04-10-01
Department of Employment Security	x		02-28-01
Department of Financial Institutions	x	x	03-27-01
Department of Human Services	x		03-27-01

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Department of the Lottery	x	x	02-28-01
Department of Military Affairs	x	x	04-26-01
Department of Natural Resources	x	x	04-26-01
Department of Public Aid	x	x	05-17-01
Department of Revenue	x		03-20-01
Department of State Police	x	x	03-29-01
Department of Transportation	x	x	04-26-01
Department of Veterans' Affairs – General Office	x	x	04-26-01
Drycleaner Environmental Response Trust Fund Council	x	x	03-29-01
East St. Louis Financial Advisory Authority	x	x	02-28-01
Eastern Illinois University	x	x	03-29-01
Eastern Illinois University Alumni Association	x		02-22-01
Eastern Illinois University Foundation	x		02-22-01
Environmental Protection Agency	x	x	03-29-01
Environmental Protection Agency Trust Fund Commission	x	x	03-29-01
General Assembly – Retirement System	x	x	02-14-01
Governors State University	x	x	03-29-01
Governors State University Alumni Association	x		02-22-01
Governors State University Foundation	x		02-22-01
Health Care Cost Containment Council	x	x	03-14-01
Historic Preservation Agency	x	x	03-14-01
Illinois Community College Board	x	x	03-07-01
Illinois Community College System Foundation	x	x	03-07-01
Illinois Conservation Foundation	x	x	03-07-01
Illinois Development Finance Authority	x	x	03-22-01
Illinois Farm Development Authority	x	x	03-22-01
Illinois Health Facilities Authority	x	x	03-22-01
Illinois Housing Development Authority	x	x	03-22-01
Illinois Mathematics and Science Academy	x	x	03-14-01
Illinois Mathematics and Science Academy Fund	x		03-14-01

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Medical District Commission	x	x	04-26-01
Illinois Racing Board	x	x	03-14-01
Illinois Rural Bond Bank	x	x	03-22-01
Illinois State Board of Investment	x		02-14-01
Illinois State Board of Investment		x	03-27-01
Illinois State Toll Highway Authority			
Illinois State University	x	x	03-29-01
Illinois State University Foundation	x	x	03-29-01
Illinois Student Assistance Commission, Designated Account Purchase, Prepaid Tuition	x		03-20-01
Illinois Veterans' Home – Anna	x	x	04-26-01
Illinois Veterans' Home – LaSalle	x	x	04-26-01
Illinois Veterans' Home – Manteno	x	x	04-26-01
Illinois Veterans' Home – Quincy	x	x	04-26-01
Illinois Violence Prevention Authority	x	x	06-28-01
Industrial Commission – Self Insurer's Fund	x		03-14-01
Joint Committee on Administrative Rules	x	x	03-27-01
Judges Retirement System	x	x	02-14-01
Judicial Inquiry Board		x	06-28-01
Kankakee River Valley Area Airport Authority	x	x	04-05-01
Law Enforcement Training Standards Board	x	x	03-29-01
Legislative Information System		x	05-08-01
Liquor Control Commission	x	x	03-20-01
Northeastern Illinois University	x	x	03-29-01
Northeastern Illinois University Foundation	x		02-22-01
Northern Illinois University	x	x	03-20-01
Northern Illinois University Alumni Association	x	x	03-20-01
Northern Illinois University Foundation	x	x	03-20-01
Office of Banks and Real Estate	x	x	03-29-01
Petroleum Resources Board	x	x	04-26-01
Pollution Control Board	x	x	05-17-01

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Prairie State 2000 Authority	x		03-27-01
Prisoner Review Board		x	05-17-01
Property Tax Appeal Board		x	02-28-01
Secretary of State	x		05-08-01
Sex Offender Management Board	x	x	06-28-01
Southern IL University	x	x	04-26-01
Southern IL University – Carbondale Alumni Association	x		02-22-01
Southern IL University – Carbondale Foundation	x		02-22-01
Southern IL University – Carbondale Foundation Evergreen	x		02-22-01
Southern IL University – Edwardsville Alumni Association	x		02-22-01
Southern IL University – Edwardsville Foundation	x		02-22-01
Southern IL University – Physicians & Surgeons, Inc.	x		02-22-01
Southern IL University – Edwardsville University Park	x		02-22-01
Southwestern Illinois Development Authority	x	x	05-17-01
State Appellate Defender	x	x	05-17-01
State Board of Education	x	x	03-20-01
State Employees’ Retirement System	x		02-14-01
State Fire Marshal	x	x	03-29-01
State Police Merit Board	x	x	03-29-01
State Universities Retirement System	x	x	02-14-01
State’s Attorney’s Appellate Prosecutor	x	x	03-29-01
Statewide Single Audit	x		06-22-01
Teachers’ Retirement System	x	x	02-14-01
Treasurer – College Savings Pool	x		05-08-01
Treasurer – Fiscal Officer	x	x	05-08-01
Treasurer – Illinois Funds	x		03-07-01
University of Illinois	x	x	03-20-01
University of Illinois Alumni Association	x	x	03-20-01
University of Illinois Foundation	x	x	03-20-01
University of Illinois – Chicago HMO	x		05-24-01

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
University of Illinois – Prairieland Energy, Inc.	x	x	03-20-01
University of Illinois – Wolcott, Wood & Taylor, Inc.	x	x	03-20-01
Western Illinois University	x	x	03-22-01
Western Illinois University Foundation	x		03-22-01

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F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Alton Mental Health Center			
Arts Council and Foundation			
Attorney Registration and Disciplinary Commission			
Board of Admissions to the Bar			
Board of Higher Education			
Bureau of the Budget			
Capital Development Board			
Center for Rehabilitation and Education			
Chester Mental Health Center			
Chicago Read Mental Health Center			
Chicago State University			
Chicago State University Foundation			
Choate Mental Health Center			
Civil Service Commission			
Commission on Intergovernmental Cooperation			
Comptroller - Fiscal Officer			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Correctional Industries			
Court of Claims			
Criminal Justice Information Authority			
DCMS - Deferred Compensation Plan – 12/31/01			
Deaf and Hard of Hearing Commission			
Department of Agriculture			
Department of Central Management Services			
Department of Employment Security			
Department of Human Rights			
Department of Human Services – Central Office			
Department of Insurance			
Department of Labor			
Department of Lottery			
Department of Nuclear Safety			
Department of Professional Regulation			
Department of Public Aid			
Department of Public Health			
Department of Revenue			
Department of Transportation			
Development Finance Authority			
Distance Learning Foundation			
Drycleaner Envir. Res. Trust Fund Council			
DuQuoin State Fair			
Eastern Illinois University			
Eastern Illinois University Alumni Association			
Eastern Illinois University Foundation			
Economic and Fiscal Commission			
Educational Facilities Authority			
Educational Labor Relations Board			
Elgin Mental Health Center			

FINANCIAL & COMPLIANCE AUDITS *(Continued)*

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Emergency Management Agency			
Farm Development Authority			
Fox Developmental Center			
General Assembly			
General Assembly Retirement System			
Governors Commission on the Status of Women			
Governors State University			
Governors State University Alumni Association			
Governors State University Foundation			
Guardianship and Advocacy Commission			
Health Facilities Authority			
High School Association			
Housing Development Authority			
Howe Developmental Center			
Human Rights Commission			
Illinois Building Commission			
Illinois Commerce Commission			
Illinois Conservation Foundation			
Illinois Grain Insurance Corporation			
Illinois Labor Relations Board			
Illinois Math and Science Academy and Fund			
Illinois Council on Developmental Disabilities			
Illinois Petroleum Resources Board			
Illinois State Fair			
Illinois State University			
Illinois State University Foundation			
Illinois Student Assistance Commission			
Industrial Commission			
Jacksonville Developmental Center			
Judges Retirement System			

FINANCIAL & COMPLIANCE AUDITS *(Continued)*

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Kankakee River Valley Area Airport Authority			
Kiley Developmental Center			
Legislative Audit Commission			
Legislative Printing Unit			
Legislative Reference Bureau			
Legislative Research Unit			
Lincoln Developmental Center			
Literacy Foundation			
Ludeman Developmental Center			
Mabley Developmental Center			
Madden Mental Health Center			
McFarland Mental Health Center			
Metro. Pier and Exposition Authority			
Murray Developmental Center			
Northeastern Illinois University			
Northeastern Illinois University Foundation			
Northern Illinois University			
Northern Illinois University Alumni Association			
Northern Illinois University Foundation			
Office of the Governor			
Office of the Lieutenant Governor			
Pension Laws Commission			
Prairie State 2000 Authority			
Rural Bond Bank			
School for the Deaf			
School for the Visually Impaired			
Secretary of State			
Shapiro Developmental Center			
Singer Mental Health and Developmental Center			
Southern Illinois University			

FINANCIAL & COMPLIANCE AUDITS *(Continued)*

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Southern IllinoisUniversity Carbondale – Alumni Assoc.			
Southern Illinois University Carbondale – Foundation			
Southern Illinois Univ. Edwardsville – Alumni Assoc.			
Southern Illinois University Edwardsville – Foundation			
Southern Illinois University Physicians and Surgeons			
Southern Illinois University – University Park			
Space Needs Commission			
State Board of Education			
State Board of Elections			
State Board of Investment			
State Employees’ Retirement System			
State Universities Retirement System			
Statewide Single Audit			
Summer School for the Arts			
Supreme Court			
Teachers’ Retirement System			
Teachers’ Pension and Retirement System – Chicago			
Tinley Park Mental Health Center			
Toll Highway Authority – 12/31/01			
Treasurer – College Savings Pool			
Treasurer – Fiscal Officer			
Treasurer – Illinois Funds			
Treasurer - Non-fiscal officer			
Universities Civil Service Commission			
University of Illinois			
University of Illinois Alumni Association			
University of Illinois Foundation			
University of Illinois - HMO 8/31/01			
University of Illinois – Prairieland Energy, Inc.			
University of Illinois - -Research Park LLC			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
University of Illinois – Ventures LLC			
University of Illinois – Wolcott Wood & Taylor, Inc.			
Western Illinois University			
Western Illinois University Foundation			
Zeller Mental Health Center			

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2001.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2002</i>	
•	Bureau of the Budget
•	Comptroller
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Employment Security
•	Department of Human Services
•	Department of Insurance
•	Department of Labor
•	Department of Nuclear Safety
•	Department of Public Health
•	Department of Revenue
•	Eastern Illinois University
•	Illinois Industrial Commission
•	Secretary of State
•	Southern Illinois University
•	Supreme Court
•	Treasurer
•	University of Illinois
•	Western Illinois University

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the first quarter of Fiscal Year 2002 and it contains seventy-three filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the first quarter of Fiscal Year 2002, the Auditor General did not receive any new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

AUDITOR GENERAL'S OFFICE RECEIVES AWARD

In August, the National Conference of State Legislatures' National Legislative Program Evaluation Society (NLPES) presented the Auditor General's Office with a Certificate of Recognition of Impact for our *Management Audit of the Department of Public Aid's Child Support State Disbursement Unit*. The NLPES award recognizes reports having a positive impact on public policy, for instance by resulting in dollar savings, program improvements or legislative changes.

The *Management Audit of the Department of Public Aid's Child Support State Disbursement Unit* was conducted pursuant to Legislative Audit Commission Resolution No. 117. Released in March 2000, the report contains 15 recommendations directed to the Department of Public Aid and SDU management to improve the Child Support system. Legislation implementing the report's recommendations has been signed into law (Public Act 92-44).

Yours truly,

WILLIAM G. HOLLAND
Auditor General